

4.11 POPULATION, HOUSING AND URBAN DECAY

This section discusses the existing population, housing conditions and urban decay in the project area as well as the associated impacts that could result from implementation of the East Washington Place project.

CEQA case law requires that for large retail developments an economic impact analysis should be undertaken to assess the possibility of the project resulting in “urban decay” and deterioration as indirect physical impacts on the environment.¹ To fully satisfy the requirements of an EIR, the economic analysis must start with the economic impacts, but also follow the causal chain to assess the likelihood of new retail space causing existing space to become vacant, and following the outcome, determine the potential for urban decay and physical deterioration of existing retail centers and nodes. This EIR uses the best available information to assess the economic impacts and then establish whether these economic impacts might result in a negative effect on the physical environment of Petaluma as manifested by urban decay and physical deterioration of existing retail centers. An urban decay study was prepared by Bay Area Economics for this EIR. A copy of the full report is included in Appendix A.

A. Regulatory Framework

This section provides a general description of the current regulations addressing population, housing and urban decay within Petaluma.

1. Petaluma General Plan

The goals, policies and programs in the Petaluma General Plan Housing Element reflect the City’s commitment to provide safe, sanitary and decent hous-

¹ Physical deterioration includes, but is not limited to, abnormally high business vacancies, abandoned buildings and industrial sites, boarded doors and windows, parked trucks and long term unauthorized use of properties and parking lots, extensive gang or offensive graffiti painted on buildings, dumping of refuse or overturned dumpsters on properties, dead trees or shrubbery and uncontrolled weed growth or homeless encampments.

ing for a broad spectrum of residents. Housing Element policies and programs are intended to allow the City to provide a wide selection of housing types for all types of income levels, while promoting a sense of community. The City of Petaluma revised its Housing Element in October 2002. Three policies from the Housing Element that are relevant to the project are shown in Table 4.11-1. These policies encourage the City to minimize urban sprawl and increase the efficiency of urban development:

Along with the Housing Element, Petaluma's existing and proposed General Plan contains policies and programs within the Community Character, Land Use and Growth Management, and Housing Elements that are relevant to the project. These are also listed in Table 4.11-1.

B. Existing Conditions

This section describes the current conditions with regard to population, housing and urban decay in the city of Petaluma.

1. Population

a. Sonoma County

Sonoma County is the fourth smallest county in the nine-county Bay Area region, with a 2000 population of 458,614. The county's population grew by 18.1 percent from 1990 to 2000, tied for the fastest rate region-wide with Contra Costa County. A lower rate of growth is projected for the county over the next decade, with population projected to increase by about nine percent from 2005 to 2015.² The majority of the county's population, 68 percent, lives within the urbanized areas.³

² ABAG, *Projections 2005*.

³ Sonoma County website. http://www.sonoma-county.org/cao/citizens_guide/sonoma_county_population.htm, accessed on March 20, 2006.

TABLE 4.11-1 **PETALUMA GENERAL PLAN POLICIES & PROGRAMS—
 POPULATION, HOUSING & URBAN DECAY**

Policy/Program Number	Policy/Program
Existing General Plan	
<i>Housing Element</i>	
Policy 1.1	Promote residential development within the Urban Growth Boundary.
Policy 1.2	Encourage the development of housing on underutilized land.
Policy 4.7	Require the identification of potential housing impacts and associated mitigation measures for employment-generating commercial and industrial development that require environmental impact reports. In order to assist these large-scale commercial and industrial developments, the City will join in contacting private investment firms that arrange joint home-ownership programs for employers and employees as well as developers who can provide affordable ownership housing in Petaluma. The City also will work with various companies to foster mixed-use developments on those commercial parcels where a mix is feasible and where the housing needs of the potential employees could be met.
<i>Community Character Element</i>	
Objective (i)	Upgrade the quality of public, residential, commercial and industrial development throughout the city.
Objective (l)	Prevent the destruction of landmark buildings.
Objective (n)	Prevent blight.
Objective (o)	Encourage adaptive re-use of vacant or under-utilize structures.
Policy 16.2	Mixed use development is encouraged, particularly within the central area of the City.
<i>Land Use and Growth Management Element</i>	
Policy 5	It is the policy of the City to discourage urban sprawl.

TABLE 4.11-1 **PETALUMA GENERAL PLAN POLICIES & PROGRAMS—
 POPULATION, HOUSING & URBAN DECAY (CONTINUED)**

Policy/Program Number	Policy/Program
Program 1.1	Use the growth management system, design review, or other project review methods to assure that the density of new residential development gradually and logically lessens as it approaches the urban edge.
Policy 23	Convenience shopping in proximity to residential shall be encouraged.
Program 9	Develop additional zoning districts, similar to Riverfront Warehouse, that promote mixed use and infill development, consistent with existing General Plan policies and respectful of existing historic districts.
Program 11	Calculate density for infill projects with a factor for previously dedicated roadways to achieve better consistency and fairness between Zoning and General Plan regulations.
Program 12	Zone for convenience shopping in proximity to residential.
Proposed General Plan	
<i>Housing Element</i>	
Policy 11-P-2	Encourage the development of housing on underutilized land.
Goal 11-G-2:	Promote a range of housing types to meet the housing needs of all Petaluma residents.
Goal 11-G-4:	Promote the development of housing affordable to lower- and moderate-income households.
Policy 11-P-7:	Assign a share of the responsibility for providing affordable housing to the developers of market-rate housing and non-residential projects.
<i>Land Use, Growth Management, and the Built Environment Element</i>	
Policy 2-P-40:	Ensure that the pace of growth does not create spikes that unduly strain City services.
Policy 3-P-1:	As depicted on the Land Use Map, allow for urban development at densities and intensities to prevent the need to extend outward beyond the Urban Growth Boundary.
<i>Community Design, Character, and Sustainable Building Element</i>	
Goal 3-G-4 (East Washington Corridor)	Encourage the evolution of land uses to create a corridor of mixed-use development.

TABLE 4.11-1 **PETALUMA GENERAL PLAN POLICIES & PROGRAMS—
 POPULATION, HOUSING & URBAN DECAY (CONTINUED)**

Policy/Program Number	Policy/Program
Policy 3-P-72	Work with the Sonoma-Marín Fairgrounds to explore relocation or more optimal use of the Fairgrounds site. If the Fairgrounds are relocated, permit a diverse range of residential and commercial uses appropriate in intensity and character to the residential neighborhood to the southwest, and new commercial uses toward Highway 101. Require provision of park and open space and extension of the existing street grid.

b. City of Petaluma

The City of Petaluma is one of nine incorporated cities within Sonoma County, accounting for about 12 percent of the countywide population. The City grew 24 percent between 1990 and 2000,⁴ with an estimated population in 2005 of 56,400 persons.⁵ The Association of Bay Area Governments (ABAG) expects the city of Petaluma’s population to grow by 11 percent between 2005 and 2015, to a total of 62,600 persons.⁶ By 2025, ABAG expects Petaluma’s population to reach 65,400,⁷ differing from Petaluma’s own expectations of reaching a population of 72,707.⁸

2. Housing

a. Housing Stock and Costs

According to the 2000 Census, the city of Petaluma had a total of 19,932 occupied housing units out of a total of 20,304 housing units, or an occupancy rate of 98 percent. The majority of the total housing within Petaluma (72.6 percent) was comprised of single-family, detached units, followed by single-family attached units (8.1 percent). Mobile homes were the next biggest

⁴ U.S. Census Bureau: State & County QuickFacts website.
<http://quickfacts.census.gov/qfd/states/06/0656784.html>, accessed on March 20, 2006.

⁵ ABAG, *Projections 2005*.

⁶ ABAG, *Projections 2005*.

⁷ ABAG, *Projections 2005*.

⁸ City of Petaluma Draft 2025 General Plan, page 2-10.

group at 4.6 percent. The rest of the city's housing stock was comprised of buildings of five to 19 units (4.3 percent), buildings of 20 units and larger (4.5 percent), tri- and quad-plexes (3 percent), and duplexes (2.9 percent). Census 2000 reports that 70.1 percent of housing units in Petaluma were owner-occupied, and 29.9 percent renter-occupied.

The average household size for owner-occupied units in 2000 was 2.75 persons, while the average household size for renter-occupied units was 2.59 persons, with an overall average of 2.7 persons per household.⁹ Average household size is projected to be around 2.63 persons per household over the next decade.¹⁰

b. Housing Needs

State law requires all cities in California to accommodate their respective "fair share" of the affordable and market-rate housing needs in the region. ABAG determines the fair-share allocation for each of the nine Bay Area counties.

According to ABAG's 1999-2006 Regional Housing Needs Determination report, the regional fair share allocation for the city is 1,144 units for the seven year period, of which 206 are for very-low income households, 124 for low income, 312 for moderate income and 502 for above moderate income residents.¹¹

c. General Plan Housing Projections

The City of Petaluma General Plan, which is currently being updated, is forecasting the construction of an additional 7,054 housing units within the city by 2025.¹² The East Washington Place project site is located in Petaluma's Analysis Sector 2, in where the Petaluma General Plan 1987-2005 called for a total of 1,493 new dwelling units for the sector.

⁹ Census 2000.

¹⁰ ABAG, *Projections 2005*.

¹¹ ABAG: Housing Program website, http://www.abag.ca.gov/cgi-bin/rhnd_allocation.pl, accessed on March 21, 2006.

¹² City of Petaluma Draft 2025 General Plan, page 2-10.

3. Economic Conditions and Urban Decay¹³

For the purposes of the urban decay study, only the retail portion of the project was analyzed. As a result, the following information focuses on retail conditions in the project area.

a. Definition of the Trade Area

Generally speaking, a trade area is the geographical area from which 60 to 80 percent of a shopping center's sales originate. The proposed project's Trade Area has been defined based on the area from which the proposed Target anchor tenant is likely to draw most of its customers. This area has been bounded based primarily on the location of other nearby Target stores, on the assumption that shoppers would tend to go to the Target closest to their residence. The Trade Area consists of Petaluma and surrounding areas, extending east through the City of Sonoma, south to the border with Marin County, and to a very limited distance to the north and west due to the location of other Target stores nearby in Rohnert Park and Santa Rosa. This Trade Area is used for all the retail uses in the East Washington Place; because of nearby retail nodes in Novato, Rohnert Park, and Santa Rosa, this is the area that would be served by most region-serving retailers based in Petaluma.

b. Demographic and Economic Overview

The Trade Area, which includes the cities of Petaluma and Sonoma and surrounding unincorporated areas, is undergoing gradual population and household growth. It is estimated the Trade Area will have 103,851 persons and 40,167 households by 2010. Long-term growth is expected to slow, with the Trade Area projected to have a population of 110,257 in 2030. The Trade Area exhibits a 2005 mean household income of \$84,891 (all income in constant 2000 dollars), with modest growth to \$87,988 by 2010.

¹³ Bay Area Economics, 2006, *Administrative Draft: Retail Market Impact Analysis for Proposed East Washington Place Shopping Center in Petaluma, CA*, pages i to v.

Sonoma County showed a peak in employed residents in 2001, followed by a decline in employed residents and a rise in unemployment. For both Petaluma and Sonoma County, the unemployment rate peaked in 2003, with a slight decline since then. Unemployment continues to decline; as of December 2005, unemployment in Petaluma and Sonoma County stood at 3.8 percent. At the time, there was an estimated 30,600 employed Petaluma residents and 249,400 employed Sonoma County residents.

The gradual growth in population, household and income, and the recovering economy (as shown by employment data) all indicate that retail sales are likely to be stable or growing over the short and long term, with likely increases in purchasing power in Petaluma, the Trade Area, and Sonoma County.

c. Retail Sales Trends

Over the last decade, Petaluma's taxable retail sales have grown at a higher rate than the population. On an inflation-adjusted basis, sales reached a peak of \$770 million in 2000, and as of 2004 had not recovered to that level.

However, while overall Petaluma is showing strong retail sales, over half of its growth has been in the automotive sector, where Petaluma shows extremely strong sales. Limiting the analysis to the major categories suitable for tenancy at East Washington Place, by excluding the automotive and building materials sectors, presents a different comparative picture. For the suitable sectors, Petaluma shows 2004 sales of only \$340 million, compared to \$377 million in Novato and \$423 million in Rohnert Park.

Per capita retail sales are an indicator of the relative strength of a city as a retail destination; other factors being equal, higher per capita sales relative to the region or other cities point toward attraction of shoppers from outside the city. Petaluma's per capita sales in the key retail categories likely to be tenants in East Washington Place are another indicator of the city's weakness as a retail destination, with key category per capita sales in recent years at or near countywide levels, while surrounding cities outperform the county and

Petaluma. This is especially the case for Rohnert Park, which has had a sharp increase in per capita sales that indicates increasing capture from outside the city, enlarging its share of regional sales.

Petaluma's relative weakness as a retail destination compared to its neighboring cities shows up in several store categories proposed for or suitable for East Washington Place. Petaluma lags behind Rohnert Park and Novato in overall and per capita sales in general merchandise, home furnishings and appliances, and the other retail store categories. In the subcategory of stationery and books, however, Petaluma shows much stronger sales than the County.

For eating and drinking establishments and also for apparel stores, Petaluma actually has stronger sales than Rohnert Park and Novato. Apparel store sales are likely enhanced by the outlet mall and Petaluma's strong downtown may act as a dining and entertainment destination for tourists and others from outside the Trade Area.

C. Standards of Significance

The proposed project would have a significant impact with regard to population, housing and urban decay if it would:

- ◆ Induce substantial unexpected population growth or growth for which inadequate planning has occurred, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure).
- ◆ Displace substantial numbers of existing housing units, necessitating the construction of replacement housing elsewhere.
- ◆ Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere.
- ◆ Contribute to urban decay, defined as physical deterioration that is so prevalent and substantial it impairs the proper utilization of affected real estate or the health, safety, and welfare of the surrounding community.

D. Impact Discussion

For the following analysis, both the existing and proposed General Plans were reviewed to determine whether there would be different conclusions under either Plan. Unless otherwise stated below, the following impact analysis and its conclusions would apply under either General Plan scenario.

1. Project Impacts

The proposed project would result in the construction of up to 298,038 square feet of retail and 227 residential units over the course of three years. The proposed 227 units exceed Petaluma's 2002 Housing Element projection of an annual housing production average of 152 units. However, the 1987 General Plan as well as the 2025 General Plan anticipated the potential development of the site, and therefore its development was considered in the EIR for both the 1987 and 2025 Plans.

a. Population Growth

Implementation of the proposed project would add 227 new units and approximately 613 residents over the course of three years.¹⁴ The current General Plan land use designation calls for single-family residential and light industrial development for the project site. The 2025 General Plan land use designation calls for mixed-use development. Currently, the portion zoned for residential use in the existing Zoning Ordinance would allow for about 218 single-family units (R-1-6,500), which is approximately what the proposed project would construct. Additionally, the portion zoned for light industrial under the existing Zoning Ordinance would allow for about 123,000 square feet of light industrial use (M-L District).

Under the proposed General Plan land use designation of "Mixed-Use" and the re-zoning of the site to Planned Unit Development (PUD), the site could

¹⁴ 2000 Census, Petaluma, 2.7 people per household.

accommodate a more intense level of development. The “Mixed Use” designation allows up to a maximum of 30 dwelling units per acre (DUA). The portion of the project site that has been designated for residential uses is 12.6 acres. As a result, the project could permissibly build up to a maximum of 378 dwelling units, however that would not occur under this project.¹⁵ The permissible Floor Area Ratio (FAR) in the “Mixed Use Designation” is 2.5. The FAR is calculated by dividing total floor area of proposed uses by the total area of the site. Under the proposed project, 298, 038 square feet of retail development is proposed. The total area of the site is 1,623,916 square feet (37.28 acres). Therefore, the FAR for the project is 0.18, which is well within the permissible FAR for the “Mixed Use” Designation.¹⁶ For residential uses, approximately 268,240 square feet of residential uses are proposed within 1,623,916 square-foot site. The FAR in this case is 0.17, which is also within the permissible amount.¹⁷

Although the proposed project would increase the population of the city, it would diminish the pressure for growth on the city’s periphery by efficiently utilizing land within the city’s core. Also, the indirect growth impacts resulting from the project, mainly from its commercial and utility improvements, would be less than significant. The commercial development would not be growth-inducing because there is existing demand from the surrounding community, and since the project would be developed on an infill site. Furthermore, the current General Plan and the 2025 General Plan identify the need for additional housing opportunities and encourage focusing development within infill and urbanized areas. As a result, it is consistent with General Plan policies and not subject to unexpected growth. The proposed project would not create new roads or extend any other utilities given that the area is already served by adequate infrastructure. Thus, there is *no impact*.

¹⁵ 12.6 acres x 30 DU = 378 DUA.

¹⁶ 298, 038/1,623,916=0.18.

¹⁷ 268,240/1,623,916 = 0.17.

b. Displacement of Existing Housing

Since the project site has historically been used as a public institution (i.e. a junior high school and bus facility) and contains no housing, development on the site would not displace any housing. Thus, there is *no impact*.

c. Displacement of People

Given the project site contains no residences, development on the site would not displace any people that would necessitate the construction of replacement housing elsewhere.. Thus, there is *no impact*.

d. Urban Decay and Physical Deterioration¹⁸

As mentioned previously, this EIR analyzes the economic impacts of the project to determine its potential to contribute to urban decay and physical deterioration of existing retail centers and nodes. The analysis is required to assess whether a new retail development “could cause a ripple of store closures and consequent long-term vacancies that would eventually result in general deterioration and decay within and outside the market area” of the proposed development. Further, “these effects include, but are not limited to, physical decay and deterioration resulting from store closures in the same market area or in established areas of the community (i.e. the ‘traditional downtown area’) due to competitive pressures, followed by an inability to easily release the vacated premises.” One concern is that large retailers that dominate sales in their merchandise lines “will displace older, smaller retail stores and shopping centers, leaving long-term vacancies that deteriorate and encourage graffiti and other unsightly conditions.” The EIR “must analyze the cumulative impacts resulting from construction and operation of the proposed shopping center in conjunction with all other past, present or reasonably foreseeable retail projects that are or will be located within the proposed project’s market area” and determine the likelihood that a project “individually and/or cumulatively, indirectly could trigger the downward spiral of retail closures and consequent long-term vacancies that ultimately result in decay.”

¹⁸ Bay Area Economics, February 2006, *Administrative Draft: Retail Market Impact Analysis for Proposed East Washington Place Shopping Center in Petaluma, CA*, pages i to v.

Key components of the demand for new retail space in the Trade Area are capture of sales to Trade Area residents that are currently occurring elsewhere (leakage), and population and income growth.¹⁹ This analysis has conservatively assumed no increase in sales from income growth, so the estimates here for retail sales potential are based on leakage and population growth only.

i. Capture of Existing Leakage

Using 2004 taxable sales data as a baseline, the Trade Area shows significant leakage for General Merchandise Stores, Food Stores, Home Furnishings and Appliances, Building Materials/Farm Implements, and Other Retail. With Target and Cost Plus World Market, East Washington Place should capture a significant percentage of the leakage occurring in the General Merchandise Store category. The capturable leakage is estimated to be equivalent to 80,000 square feet of retail space.

East Washington Place is not assumed to have a major supermarket as a tenant; thus capture of the substantial annual leakage in the Food Store category would be limited, with potential support for a specialty food store of up to 10,000 square feet.

Circuit City, in the Home Furnishings and Appliances category, is slated to occupy one of the spaces at East Washington Place. Given this strong tenant and the lack of significant competition in the appliances/electronics sector in Petaluma, capture in this category is assumed to support 33,000 square feet of space.

No capture has been assumed in the building materials category, as no such tenant has been proposed for the center, and most of this leakage may be captured by the Lowe's home improvement center in the proposed Deer Creek Plaza project.

¹⁹ Thomas Consultants, Inc. completed the *Petaluma Leakage & Sustainable Retail Strategy Study* in June 2004 to identify the key components missing from Petaluma's retail base that were causing sales leakage.

In the Other Retail Store category, potential capture has been estimated at up to 30 percent of the estimated \$50.4 million in leakage, translating into 63,000 square feet in additional supportable space. In the Apparel Stores and Stationery/Book Stores categories, the Trade Area shows current net attraction of sales, so no leakage of existing sales would be captured by stores in these categories in the proposed East Washington Place. Demand from population growth through 2010 is limited, amounting to only 21,000 square feet of additional retail space in categories suitable for the project.

For total supportable square footage by category for the proposed project, sizes range from 1,000 square feet for Stationery/Book Stores or Eating and Drinking establishments to 91,000 square feet for general merchandise. These are 11,000 supportable square feet for food stores, 36,000 supportable square feet for home furnishings and appliances, and 67,000 supportable square feet of other retail. Total supportable square footage through capture of sales leakage and population growth is estimated at 207,000 square feet; since the center as proposed is larger, this indicates that some sales in the proposed center would be captured from other existing retailers in the Trade Area.

ii. Retail Impacts

Assuming the proposed project is built and its outlets perform at industry standards, the project would generate an estimated \$85.9 million in retail sales at full occupancy. Current sales in the Trade Area in these categories are estimated at approximately \$693 million; \$57.2 million in additional sales could be captured from leakage, and population growth to 2010 would generate \$6.4 million in additional sales. In total, potential sales in the Trade Area would be slightly above \$756 million annually in 2010. At stabilized levels assuming industry-standard performance, the proposed project would capture an estimated \$25.2 million in sales from existing outlets in the Trade Area. The notable impacts are in the categories of General Merchandise Stores and Stationery/Book Stores.

By retail center or node, the existing center facing the largest potential impact is Petaluma Plaza North, home to Petaluma's Kmart. Sales at this store are already weak, and the entry of Target into the market may ultimately lead to closure of this store. Contact was made with the owners of Petaluma Plaza North, who stated that they believed that the store would not close, but if it did, the owners believed they would be able to re-tenant the space with another type of retailer. Other centers that may see impacts are those with general merchandise outlets competitive with Target, including Washington Square with Mervyns, and Redwood Gateway Center with Kohl's, as well as Pier 1. The impending closure of JC Penney in the Petaluma Plaza should mitigate these impacts somewhat.

The Copperfield's book store in the Downtown is likely to be impacted by the proposed project, since the project is slated to contain a major bookstore that would be directly competitive, and the demand for bookstore sales in the Trade Area may not be capable of supporting two bookstores. Whatever the impact on this particular store, however, the existing Downtown as a whole is likely to be minimally impacted as it generally provides a different shopping experience than East Washington Place would. Petaluma Village Premium Outlets, with its array of specialized off-price and outlet stores, is not in direct competition with the proposed project, and the impacts are likely to be minimal as a result.

iii. Economic Impacts

Based on the retail analysis discussed above, the proposed project may have significant economic impacts at Petaluma Plaza North, due to the possible closure of Kmart in the face of competition from Target. The other centers are focused on other segments of the retail market, and are not likely to face closures or other economic impacts that could potentially lead to urban decay.

No large anchor retail spaces are currently vacant in the Trade Area, and a tour of the existing centers found no current evidence of urban decay or physical deterioration resulting from vacancy, deferred maintenance, or dis-

investment. None of the existing centers could be seen as being at risk of urban decay if the proposed project is not built.

If the proposed project is built, the only center likely to have the potential for substantial vacancy is Petaluma Plaza North, where the Kmart is at risk of closure due to the proposed tenants for East Washington Place, mainly Target. There are likely to be retail categories with the potential capture from the Trade Area and beyond, even following the opening of East Washington Place and other proposed projects including Deer Creek Plaza, and representatives of this center stated that they believed they would be able to re-tenant the space with another type of retailer. For instance, the current Yardbirds location is probably not large enough to accommodate a standard format Home Depot store, but the Kmart location might be suitable. Thus, it is unlikely that the possible closure of an individual store would cause this entire retail center to enter the “downward spiral” into urban decay and deterioration.

The actual potential for physical deterioration to occur would be dependent on the commitment from the current property owners to maintain their property. Ultimately, if the market proves unable to provide a retail tenant or tenants for this space, the property owners may have to redevelop the center with some other use. This site has strong location advantages with highway access on a highly traveled highway corridor which should facilitate re-occupancy. Thus, the impacts associated with urban decay and physical deterioration are *less than significant*.

iv. Economic Cumulative Impacts from Pipeline Retail Projects

In Petaluma, there are several retail projects currently being developed or under consideration that may result in cumulative impacts. There are currently no new retail projects under consideration in the City of Sonoma, or elsewhere in the unincorporated portions of the Trade Area. Projects under construction or proposed in Petaluma include Deer Creek Plaza, the Theatre District in Downtown Petaluma, and Petaluma Village Marketplace.

The uses slated for Deer Creek Plaza are generally complementary to the known uses planned for East Washington Place. The proposed project was not assumed to meet demand for the store types represented at Deer Creek Plaza, e.g., building materials. As a result, these two retail projects are not directly competitive and no additional cumulative impacts should result from the combination of both projects.

The Theatre District is likely to be an extension of Downtown's current retail mix, consisting of small specialty shops that for the most part would not compete directly with the proposed project. While this expansion may test the Downtown's ability to grow in its particular retail role, these impacts are related to the existing Downtown and are not cumulative impacts resulting in combination with the proposed project.

Yardbirds closed in July, 2006, following the chain's purchase by The Home Depot. This store is currently being remodeled, and reportedly will reopen again as a home improvement center. This is not a retail store type slated for the proposed project, and as planned does not represent a substantial change from existing conditions in Petaluma. As a result, it would not contribute to significant cumulative impacts.

The Petaluma Village Marketplace outlet mall has been proposed on a parcel south of the existing Petaluma Village Premium Outlets, but plans have been delayed repeatedly, and the recent flooding of the existing center has highlighted some of the environmental problems associated with this project. It has not been decided whether this project will go forward nor what stores would be included in the marketplace. Due to the speculative nature of the project, it is not considered to be a source of direct competition with the project. As a result cumulative impacts of any expansion would be negligible.

2. Cumulative Impacts

A list-based approach has been used for this cumulative analysis. The analysis considers the development projects listed in Appendix C (Cumulative Projects), except for the urban decay analysis which considers instead regional

retail development, as discussed above. The analysis also considers whether this project, in combination with the other specified projects, would have significant cumulative impacts in relation to population and housing.

As the proposed project would not displace any population or housing units, the proposed project would only contribute to a cumulative population and housing impact if it, in combination with the cumulative projects, would significantly exceed growth as planned under the City's General Plan. The proposed project would add 227 housing units to the existing housing stock in the City of Petaluma. As described above, the development would increase the population of Petaluma by approximately 613 residents.²⁰ This represents less than 1 percent of the city's 2005 estimated population, and approximately 10 percent of the population growth expected by 2015 under the existing General Plan. The increase in housing units and population that would result from the project have been anticipated in the 2025 General Plan. The project would therefore not create substantial unanticipated population or housing growth, or other adverse cumulative impacts related to population or housing.

As explained above, the economic analysis included cumulative projects in the Trade Area and did not identify any significant impacts. Therefore, the project would not contribute to a *significant cumulative impact* related to urban decay.

E. Impacts and Mitigation Measures

Since no significant impacts were identified, no mitigation measures are required.

²⁰ 2000 Census, Petaluma, 2.7 people per household.